

Legal Newsletter

Office of the Staff Judge Advocate
Fort Dix, New Jersey

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Preamble

The end of the year is a time for holiday celebrations and cheer. It is also a season of giving as well as spending. This newsletter contains some good information on giving wisely, identity theft, new tax law information regarding the earned income credit (EIC) and some advice on organizing your tax records. There is also some customs information regarding traveling overseas and an update on Thrift Savings Plans (TSP).

On behalf of LTC Masterton, the installation Staff Judge Advocate and the entire SJA staff, I wish each of you a

happy and safe holiday season! If you have comments on this newsletter, please contact me, at wallace.vitez@dix.army.mil.

MAJ Wallace A. Vitez
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Legal Assistance



Giving Wisely

Citizens of our great country have historically risen to the occasion to help people in need. The holiday season and the end of the tax year is an especially big time for charitable contributions. Here are a few consumer tips offered by the FTC for guidance on donating:

- Donate to recognized charities you have given to before

- Give directly to the charity, not solicitors for the charity.
- Do not give out personal or financial information.
- Check out charities. A number of [resources](#) are available on the Internet to research charitable organizations.
- Don't give cash.
- Ask for identification if you're approached in person.

For more information, check out the FTC [Guides to Giving Wisely](#).



The Season for Identity Theft!

Identity theft occurs when someone uses your name, Social Security number, credit card number, or some other identifying information for his or her own use. It occurs when someone takes your personal information without your knowledge to commit fraud or theft.

Identity theft victims know that it can sometimes take considerable time and effort to clear up credit and other personal records. The Federal Trade

Commission recently launched an [ID Theft Affidavit](#) to simplify filing an ID Theft complaint. Exactly which steps a victim should take will vary depending upon individual circumstances and how the identity was misused. However, there are three basic actions you should take in almost all cases:

- If you haven't already done so, immediately contact the fraud departments of each of the three major credit bureaus, as explained in [Identity Crisis... What to Do If Your Identity Is Stolen \(alert\)](#), and report the matter. The credit bureaus will send copies of your credit report(s) so you may review the credit reports carefully to make sure no additional fraudulent accounts were opened in your name or unauthorized changes made to existing accounts. You should also request that the credit reporting agencies place a fraud alert in the file, as well as a victim's statement asking that creditors call before opening any new accounts or changing existing accounts.
- For any accounts that have been fraudulently accessed or opened, contact the security departments of the appropriate creditors or financial institutions (e.g., the credit card company that issued the fraudulent credit card or the bank that holds the account that the identity thief accessed).
- File a report with local police, and get a copy of the report in case the bank, credit card company, or others involved need proof of the crime.

Identity theft victims have a number of rights under federal credit laws. Some

of these can help undo some of the identity theft damage. These rights include:

Fair Credit Reporting Act:

- You have the right to receive your credit report. You are entitled to receive the report free of charge if your report is inaccurate because of fraud.
- You have the right to dispute errors in your credit report. Once you notify them, the credit bureau and the company that furnished the inaccurate information to the credit bureau must investigate the disputed information. The credit bureau is required to remove incorrect information from your report.

Truth-In-Lending Act and **Fair Credit Billing Act:**

- If you report to the credit card issuer that your credit card is lost or stolen, you cannot be held responsible for more than \$50 of unauthorized charges.
- You have the right to dispute errors on your credit card bill. If you send a written notice to the credit card issuer within 60 days, it must investigate and either correct the error or explain why the bill is believed to be correct within two billing cycles or 90 days, whichever is less.

Electronic Fund Transfer Act:

- You have the right to dispute errors on your electronic fund transfer account statements. If you send a

written notice to the issuing financial institution within 60 days, it must investigate and either correct the error or explain why the account statement is believed to be correct within thirteen business days. In some cases, if the institution needs more time, it may take up to 45 days to complete the investigation.

Fair Debt Collection Practices Act:

- If a debt collector contacts you about a debt that you believe you do not owe, you have the right to file a dispute with the debt collector. If you do so in writing within thirty days of the collector's initial contact with you, the collector is required to stop all collection efforts until the debt is verified and the verification is sent to you.

The FTC [IdentityTheft web site](#) has more detail on Identity Theft, including steps to take to protect against identity theft, and how to respond to specific types of identity theft. In addition, one or more of these publications may be useful depending on the client's situation.



New Tax Laws Make Earned Income Credit More Available to Soldiers

The refundable Earned Income Credit (EIC) is available to certain individuals with earned income who meet adjusted gross income thresholds, and do not have more than a certain amount of investment income. Many more military members will qualify in 2002.

Congress changed the way income is figured and the way the earned income credit is paid. Uniformed military members will be beneficiaries, according to Army LTC Tom Emswiler, executive director of the Armed Forces Tax Council.

In the past, the basic allowances for housing and subsistence and pay excluded from taxable income was included in calculating whether a person qualified for the earned income tax credit. The credit was "paid" with the filing of one's annual income tax return.

"This year Congress is only going to make you include the money in your taxable income," Emswiler said. The allowances and tax exclusion won't count as earned income when computing the credit, he noted. In addition, Thrift Savings Program contributions also will be excluded.

"What this means is that more members are going to qualify for earned income credit this year than ever did previously," he said.

The earned income credit is for employees who don't make a lot of money. Income limits this year are \$29,201 (30,201 if married filing jointly) if you have one qualifying child; \$33,178

(34,178 if married filing jointly) if you have more than one qualifying child and \$11,060 (\$12,060 if married filing jointly) if you do not have a qualifying child. Other rules also apply.

Refundable credits, like the earned income tax credit, are worth more than deductions because they reduce income taxes dollar for dollar and the government pays the taxpayer any credit remaining after the tax due falls to zero. For most persons claiming the credit, deductions would reduce taxes by 28 cents or less on the dollar and then only to zero.

Instead of waiting for a lump-sum annual credit payment, taxpayers can request advance monthly installments now if they expect both their annual earned income and adjusted gross income to be less than \$29,201 (\$30,201 if married filing jointly); they have or expect to have at least one qualifying child; and they expect to qualify for the credit in tax year 2002.

For more information, see IRS [Publication](#) 596, Earned Income Credit, or IRS [Publication](#) 17, Your Federal Income Tax Guide 2002.

Reproduced from: [Tax Change Means More Service Members Qualify for Earned Income Credit](#):



Tax Records and Receipts

You can avoid headaches at tax time by keeping track of your receipts and other records throughout the year, the IRS advises. Good record keeping will help you remember the various transactions you made during the year, which may help you out on your taxes. The records will also help your tax preparer to document the deductions claimed on your return.

You'll need this documentation should the IRS select your return for examination. Normally, tax records should be kept for a minimum of three years, but some documents — records relating to a home purchase or sale, stock transactions, IRA and business or rental property — should be kept longer. To be safe, save all or your tax records and receipts, forever! Remember, there is no statute of limitations for the IRS to audit or take action against a taxpayer or non-taxpayer who is suspected of tax fraud.

In most cases, the IRS does not require you to keep records in any special manner. Generally speaking, however, you should keep any and all documents that may have an impact on your federal tax return. Such items would include bills, receipts, invoices, mileage logs,

canceled checks, or any other proof of payment, and any other records to support any deductions or credits you claim on your return.

Good record keeping throughout the year saves you time and effort at tax time when organizing and completing your return. If you hire a paid professional to complete your return, the records you have kept will assist him/her in quickly and accurately completing your return.

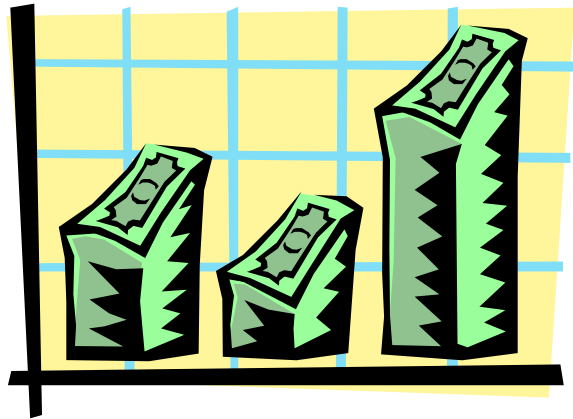
For more information on what kinds of records to keep, see Publication 552, *"Recordkeeping for Individuals,"* and Publication 17, *"Your Federal Income Tax For Individuals."* Both are available on the IRS Web site, <http://www.irs.gov>, at any local IRS office, or by calling toll-free 1-800-TAX-FORM (1-800-829-3676).



Customs Information for Military Traveling/Returning from Overseas

This is the time of year that many military families travel overseas to visit loved ones. Often they come (or return) bearing gifts. It is important to know the customs laws and rules on what you can and can't import into the United States.

The United States [Customs Service](#) Internet site has information on what you should know before traveling outside the US. It also has a frequently asked questions ([FAQs](#)) section, and a special section for U.S. [Government/Military Personnel Exemptions](#). Start in the [Traveler Information](#) section.



THRIFT SAVINGS PLAN UPDATE

The last of the two open seasons for soldiers to participate in the Thrift Savings Plan (TSP) for 2002 is October 15, through December 31. For this coming tax year (2003), you can contribute up to 8 percent of your basic pay each pay period to your TSP account as opposed to only 7% for tax year 2002.

Everyone should make an effort to set money aside for their retirement and the TSP is an excellent vehicle to do just that. Even though there are no matching contributions by the government, since the amount you set aside in the TSP is not taxed, you will receive the benefit of tax free income in your very first year. For example, if you are in a 15% tax bracket, you will have realized the equivalent of 15% in interest on the

money that you put in your TSP that year!

You can contribute as little as one percent of your basic pay each pay period. Even small savings add up over time. If you put in only \$40 from your pay each month, here's the approximate amount you could have in your TSP account in 20 years.

\$40 monthly contributions	\$9,600
Earnings (assuming 7% a year)	<u>11,359</u>
Your total in 20 years	\$20,959

For more information, go to the Defense Finance and Accounting web site at: <http://www.dfas.mil/money/milpay/> then click on Thrift Savings Plan, or see the Fort Dix [Legal Newsletter](#), Issue No. 3 from last December.